



**North Carolina Department of Health and Human Services  
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

3013 Mail Service Center • Raleigh, North Carolina 27699-3013

Tel 919-733-7013 • Fax 919-508-0954

Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Michael Moseley, Director

April 28, 2006

**MEMORANDUM**

TO: Area/County Directors

FROM: Phillip Hoffman, Chief  
DMHDDSAS Resource and Regulatory Management Section

Laketha Miller, Controller  
DHHS- Controllers Office

RE: TSR Settlements for SFY 2003

An integral part of mental health reform has been to create a better Unit Cost Reimbursement system to process claims through a single process, and the Integrated Payment and Reporting System (IPRS) has met this need. Bringing about such change has resulted in unintended but understandable issues in the reimbursement of services provided and billed through IPRS. During the initial year of full IPRS implementation in SFY 2003, this resulted in a number of processing issues that affected most area programs and were not rectifiable by June 30, 2003.

In light of this, the Division and DHHS Controllers office have worked with the Department of Health and Human Services to obtain an equitable settlement for SFY 2003. The Department has agreed with our suggestion to allow some flexibility with UCR funding settlement for the extraordinary circumstances which occurred in SFY 2003.

In accordance with instructions stated in the Hold Harmless Agreement dated October 28, 2002 for SFY 2003, UCR funds have been credited not only for services that were successfully processed through IPRS, but also for the value of services that were identified within the scope of other Special Earnings Considerations, such as claims submitted to IPRS that denied for lack of budget. Additionally, the Department has agreed that settlement of funds for SFY 03 only will occur at the disability level, without reference to age or IPRS population group designation. Settlement at the disability level will also include treating CTSP funds within the mental health disability category and MR/MI funds within the developmental disabilities category.



For Non-UCR settlement, funds will be settled in accordance with the language written in the individual allocation letters to the LMEs for a specific purpose. As long as dollars were expended in that manner, the Division's expectations would have been met for settlement purposes without regard to reconciliation of non-UCR expenditures as reported on the MoreForms within the 2003 Cost Finding Report.

The DHHS Controllers Office will be reviewing previously compiled 2003 TSR information and will be adjusting settlement figures based on these decisions. This review applies to all area programs. If your area program has already settled for SFY 2003, and paid the division based on earlier documented TSR figures, these amounts are subject to change, with the likelihood that any settlements paid to the Division will be reduced. If you are satisfied with the earlier settlement and prefer to avoid any additional review please notify our offices immediately. If upon reconsideration of the new settlement rules you are due funds back, the Division will issue a prior year payment allocation to settle these funds.

If you have any questions regarding the settlement of 2003 funds, please contact Wanda Mitchell at (919) 733-7013 or [Wanda.Mitchell@ncmail.net](mailto:Wanda.Mitchell@ncmail.net).

cc: Secretary Carmen Hooker Odom  
Allen Dobson, MD  
Executive Leadership Team  
Management Leadership Team  
Janet Schanzenbach  
Patrice Roesler  
MH Commission Chair  
Coalition 2001 Chair  
SCFAC Chair  
Kory Goldsmith  
Debbie Crane  
Area Finance Officers  
Regional Accountants  
Kaye Holder

